



STATE OF WASHINGTON

## CONSERVATION COMMISSION

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**Date:** October 25, 2002  
**To:** Conservation District Procedure Manual Holders  
**From:** Deborah Skogen, Contracts Specialist  
**Subject:** Revision 54 – Includes Changes to Section 360

The Basic Funding Match Program Application was revised and approved by the Conservation Commission on September 19, 2002. The application is now due May 1 of each year. The FY 2004 Application will be sent out to districts and will be available on the Commission's web site sometime in February 2003.

### Summary of revisions:

1. **Section 360 BFM, Pages 1-5** – The Calendar on page 1 indicates the documentation required for the Basic Funding Program and the due dates. The bulk of required documentation is due May 1 of each year. These impact the distribution of Basic Funding dollars, so it is important that your district meet these due dates. Rather than requiring a copy of your full Annual Financial Report, only Schedule 04 is necessary for Basic Funding calculations.  
  
**Crossover Match** – We no longer include Crossover Match as an option in the application and program eligibility information. No district has reported Crossover Match for several years (usually county match obligated one year and received in January of the next year).  
  
**Management Standards and Certification** – Districts will now be required to submit a new Money and Program Management Standards and Certification annually. The certification form is under revision and will be included with the Basic Funding Match Program Application in February.
2. **Section 360 BFM - A & B, Pages 1-3** – Washington State Basic Funding Match Program for Conservation Districts Policy Position (Revised 09-19-02). Changes to the Policy Position include wording and documentation required for eligibility. Please review this carefully. There is no change to Section 360 BFM - B – Basic Funding Match Law – RCW 89.08.410.
3. **Section 360 BFM - C** – Remove Basic Funding Match Program Application Forms A, B, C1, C2, and C3. The new application form will be mailed to you and made available on the Conservation Commission website in February at [www.scc.wa.gov](http://www.scc.wa.gov). You will find the forms in the on-line File Cabinet, in "Forms." The application is no longer a part of the Procedure Manual update.

**Instructions to Conservation District Procedure Manual Holders:** This is the fifty-fourth numbered revision to the Conservation District Procedure Manual. Instructions for updating the manual are on the back of this page. If you do not have an updated manual, contact your

Field Operations Manager.

**Instructions to Conservation District Procedure Manual Holders:**

**Revision No. 54 – Section 360 Basic Funding Match Program**

1. If you do not have a Procedure Manual, contact your Field Operations Manager.
2. If you are missing revisions prior to this one, contact the Commission's Olympia office.
3. Fill in the blanks after line #54 on the Index of Manual Revisions as follows:

<u>#</u>	<u>Sec.</u>	<u>Issued</u>	<u>Subject</u>	<u>Date</u>	<u>Who</u>
54	360	10/25/02	Basic Funding Match Program	Date Inserted	Your Initials

4. Remove and recycle the following pages:

Section 360 BFM (pages 1-6 from March 27, 2001)

Section 360 BFM - A & B – Basic Funding Policy Position (BFM – A, pages 1-3) and Basic Funding Law (BFM – B)

Section 360 BFM – Basic Funding Match Program Application (Pages 1-5), including the In-Kind Accounting – Interlocal Costs in Lieu of Cash

5. Insert the new Section 360 BFM which includes:

Section 360 BFM Basic Funding Match Program (pages 1-5 dated September 19, 2002)

Section 360 BFM - A (pages 1-5) and 360 BFM - B

6. Insert this purple numbered revision cover memo behind the tab "Revisions" and in front of all other revision cover memos.

If you have questions about the Basic Funding Match Program section of the Procedure Manual, contract either your Field Operations Manager or the Conservation Commission grants staff.

Attachments

## BASIC FUNDING MATCH PROGRAM

**ELIGIBILITY** Basic Funding Match is available to all districts that meet the requirements described in this section and on the application forms. Basic Funding requires a dollar for dollar cash match.

In order to be eligible to receive Basic Funding, Districts are required to submit a Basic Funding Match Program Application by May 1. The following are also due May 1 and must be included with the application: Schedule 04 from the Annual Financial Report; an Annual Plan of Work for the current year; an annual Internal Audit Report; and a Money & Program Management Standards and Certification.

Additional eligibility requirements that must be met by the District include: the District must have submitted its Annual Report of Accomplishments for the prior year to the Commission by September 1 of the prior year; and it must have up-to-date Monthly Board Meeting Minutes and Grant Reports on file with the Commission.

Due	What's Due	From	To	More Information
May 1	Basic Funding Match Application	District	WCC	Grants Staff
May 1	Schedule 04 of the Annual Financial Report for preceding calendar year (due to State Auditor May 31)	District	WCC	Procedure Manual, Section 340
May 1	Annual Plan of Work	District	WCC	Procedure Manual, Section 400
May 1	Internal Audit Report	District	WCC	Procedure Manual, Section 340, Section IV
May 1	Program and Money Management Standards and Certification	District	WCC	Procedure Manual, Section 340, Section I
Jul 1	Basic Funding payments – to qualifying districts	WCC	Districts	Grants Staff
Sept 1	Annual Report of Accomplishment – report for the previous year	District	WCC	Procedure Manual, Section 400
Up-to-Date	Monthly Board Meeting Minutes and Grant Reports on file with the Commission	District	WCC	Procedure Manual, Section 340 and Grants Staff

**STATE LAW AND FUNDING** In 1989, the Washington Association of Conservation Districts (WACD) asked the state legislature to provide “basic funding” for conservation district activities. The legislature responded by amending the Conservation District Law to authorize the Conservation Commission to award annual matching grants to conservation districts to be used for activities permitted under the conservation district law (see Section 360 BFM – B, Basic Funding Match Law – RCW 89.08.410).

**MATCH  
REQUIRED**

The state basic funding match law authorizes the Commission to award basic funding matching grants "... (1) an amount equal to the total moneys obtained by the conservation district from all other sources, other than any grants obtained from the state, during the preceding calendar year; or (2) twenty-two thousand five hundred dollars...." This requires the district to show one dollar of local matching money for every dollar of basic funding match money received. (See RCW 89.08.410)

Full support for basic funding (\$22,500 for each district each year) would be \$1,080,000 per year or \$2,160,000 for the two-year biennium. Since 1989, the legislature has not appropriated enough money to fully support the basic funding match program.

**ELIGIBLE  
MATCH**

Districts must report and claim eligible match moneys obtained in a calendar year (January 1 – December 31) as match for basic funding awarded in the following state fiscal year (July 1 – June 30). "Matching Year" means the year in which the required match money must be reported and claimed. (see RCW 89.08.410)

**SOURCES OF  
ELIGIBLE  
MATCH**

The Conservation Commission has adopted policy eligible sources of local match. (See Section 360 BFM – A, Conservation Commission Policy Position – Washington State Basic Funding Match Program for Conservation Districts (Revised 9/19/02).

Any money obtained by the district during the previous calendar year, other than grants obtained from the state, is eligible as match for basic funding. (Nonrevenues do not qualify as match for Basic Funding.) Eligible sources of local match include, but are not limited to:

1. **Gross Income** (examples with some BARS Codes)

- plant material sales (343.11)
- equipment rental (362.XX)
- facilities rental (362.XX)
- # directory sales (341.XX)
- advertisements (341.XX)
- interest (361.11)
- product sales, i.e. gravel (343.11)
- sale of assets (395.10.XX)
- contracted services (341.XX)
- recycling program (343.11.XX)

2. **Other Income** (examples with BARS Codes)

- federal direct grants (331.XX)
- federal pass-through grants; i.e. federal \$ administered by a state agency (333.XX)
- assessments (337.XX)
- fees (341.XX for collection of Burn Permits; could also be 338.XX)

**GRANTS  
OBTAINED  
FROM THE  
STATE**

The Commission interprets "a grant obtained from the State" to include:

1. A direct grant of state money to a district under a contractual arrangement, including water quality grants from the Conservation Commission, Department of Ecology or other state agency. (Use BARS

Code 334.XX.XX)

2. Pass-through grants of state money given to the district by a local government agency to administer and perform an entire grant project. The pass-through agency may retain a small amount of the grant money for admin, such as processing reimbursement requests, but is not involved in the direct supervision of project activities. (Use BARS Code 334.XX.XX)

**GRANTS NOT FROM THE STATE**

The following are not considered grants “obtained from the state,” and are eligible as match for Basic Funding

1. Interlocal grants, entitlements, impact payments and In-Lieu Taxes - Cash or other assets furnished by one local government to the district, other than for services rendered or goods provided. (Do not confuse interlocal grants with grants received from another local government but originating from the federal or state government.) (Use BARS Code 337.XX.XX)
2. Intergovernmental Service Revenues - Revenue derived by one government for performing a service that is the statutory responsibility of another government. (Use BARS Code 338.XX.XX)
3. Federal pass-through money administered by a state agency (such as Department of Natural Resources Stewardship grants). (Use BARS Code 333.XX.XX)

**USE CORRECT BARS CODING**

Correct BARS Coding Can Increase Your Basic Funding Match. The correct BARS Code is included in parentheses after the definitions above. Incorrect coding can reduce your basic funding match. For example, if you code federal money administered by a state agency to BARS Code 334.XX.XX, it will not be counted as match for Basic Funding.

**REUSING MATCH**

Match Used for Basic Funding Can Also Match Commission Grants. The local match claimed for basic funding match may also be used to meet the match requirement for Water Quality grants awarded by the Commission.

**INTERLOCAL MATCH**

Interlocal Match allows a district to claim the costs of goods and services provided to the district by another government agency to be used “in lieu of cash” to meet the requirement for Basic Funding Match. **Interlocal match will only be accepted if the level of your district’s cash match will not allow you to receive the maximum amount of Basic Funding available for that year.** To be eligible as match, the Interlocal cost contributions must meet the following requirements:

1. Interlocal costs claimed as match must be contributed by another government agency (includes county/city government).
2. No more than half (50%) of the Basic Funding match requirement may be met by documenting Interlocal costs.
3. Actual contributions must be documented during the calendar year preceding the Basic Funding Match Program fiscal year.
4. The district cannot reimburse the other government entity for the in-kind contributions claimed as match.

5. The costs claimed as match must be eligible costs if incurred by the district.
6. The costs claimed as match must be documented as contributed by the other governmental agency and certified as received by the district.
7. The costs claimed as match must be documented in the same way as costs incurred by the district.
8. Interlocal Match Claims for contributions made must be supported by an "Interlocal agreement" between the other governmental agency and the district. The Interlocal agreement must itemize goods and services to be contributed and estimate cash value.

The advantage of Interlocal Match is that it may increase basic funding available for some districts. Disadvantages include the need to create a "tracking/reporting system" and confusion since this broader interpretation is inconsistent with the "cash" accounting system used by districts and reflected in the annual financial report.

**NOT ELIGIBLE  
FOR MATCH**

A district may not claim the following as local match for basic funding:

1. Money already claimed as basic funding match (coded as non-revenues), such as:
  - Conversion of cash-type asset into another cash-type asset (sale of investments). (Use BARS Code 384.XX.XX)
  - Sales and leasehold excise taxes collected on behalf of the state or other entities. (Use BARS Code 386.XX.XX)
  - Reimbursements and refunds (Use BARS Code 389.XX.XX)
2. Grants of state money to the district by state agencies including the Conservation Commission and the Department of Ecology. State money pass-through grants are also included. (Use BARS Code 334.XX.XX) See also discussion of "grants obtained from the state" under ELIGIBLE MATCH.

**DOCUMENTING  
AND  
CERTIFYING  
MATCH CLAIMS**

The district is responsible for documenting, supporting, and certifying match claims as follows:

1. The district must keep on file records and supporting documents showing the source(s) of match claimed. **The match claimed must be included in the Schedule 04 of the Annual Financial Report.** These records and supporting documents must be available for review upon request by Commission staff or auditors designated by the Commission, including but not limited to state auditors.
2. In order to be eligible for basic funding, the district must report and claim match on basic funding application forms provided by the Commission.
3. An authorized district signatory must sign the "Basic Funding Match Program Application - Claim Form" to certify that the claim is accurate and complete, claimed in one year only, documented in district records,

**MANAGEMENT  
STANDARDS  
and  
CERTIFICATION**

and available for audit or review by the auditor, Commission staff, or financial or program auditor designated by the Commission.

Districts that accept Basic Funding are expected to meet Money and Program Management Standards established by the Commission or request a deviation from these standards. Future funding may be withheld from districts that do not comply or make reasonable efforts to comply with the standards. (See Procedure Manual, Section 340, Section I Bookkeeping for additional instructions and Management Standards forms.)

A district may deviate from standards: 1) for an approved Reasonable Alternative, or 2) during implementation of an approved Action Plan to meet the standards.

A district must submit a new Money and Program Management Standards and Certification annually.

**BASIC  
FUNDING  
MATCH  
DISTRIBUTION  
DEFINITIONS**

The Basic Funding Match Program Application includes one A-19 Invoice Voucher form to be signed by an authorized district signatory. Commission staff will distribute the basic funding match to districts in a single check.

**Basic Funding Match:** State law defines funding match as “equal to the total moneys obtained by the district from all other sources, other than any grants obtained from the state, during the preceding calendar year.” (RCW 89.08.410).

**Basic Funding Year:** This is the twelve-month period in which districts receive Basic Funding. It is the same period as our state fiscal year that starts July 1 of one calendar year and ends June 30 of the next calendar year. “FY” is the common abbreviation for our state fiscal year. This is different from **Matching Year** (see below).

**Documentation:** The district must document all claims for match in financial records available for audit.

**Eligible for Match:** Any money obtained by the district from all sources other than any grants obtained from the State during the last calendar year are eligible as basic funding match.

**Interlocal Match:** Refers to Goods & Services provided to the district by another governmental agency to be used “in lieu of cash” to meet up to 50% of the match requirement. Requires an “Interlocal Agreement”

**Matching Year:** The calendar year (CY) (January 1 – December 31) is established by the Legislature as the reporting period during which districts may obtain match moneys required for basic funding. The Matching Year applies to the current Basic Funding Year is January 1 – December 31 of last year.

**Not Eligible for Match:** A district may not claim money already claimed as basic funding match (such as reimbursements, refunds, conversion of cash-type assets into another cash-type asset). State agency grants obtained by the district and sales tax collected by the district for the Department of Revenue are not eligible as match.